Natural Gas Heating Costs on the Rise

By Jack Anderson

The cost of heating homes and buildings with natural gas will skyrocket next winter because the giant oil companies allegedly have withheld news of major discoveries in order to drive up prices.

In a secret report to Chairman Warren Magnuson (D-Wash.) the Senate Commerce Committee staff has suggested the oil companies are "simply lying" about the available gas.

"Having succeeded in tripling prices for oil in little over a year," the report said, "the oil industry is evidently determined to match its achievement on the natural gas side of its business."

Not only have the oil companies indulged in "false reporting of the success of offshore drilling" in order to boost rates, suggests the report, but the Federal Power Commission has "done its best to appease the producers" at the expense of the consumers.

The FPC, which fixes the rates consumers pay for natural gas, is supposed to protect them from profiteering. But President Nixon installed as chairman a reluctant regulator named John Nassikas, who has helped the oil companies increase their gas profits. We proved this in 1971 from documents Nassikas had kept under lock and key.

Meanwhile, here's what has been going on in Louisiana's fabulously rich offshore gas fields:

From 1969 through 1971, the oil companies found gas from 7.9 to 9.4 per cent of the time when they made exploratory drillings. Then in 1972, just as the FPC began preparing its findings in a rate case, the success ratio dropped dramatically to 2.4 per cent.

In 1973, it plummeted all the way down to 1 per cent although offshore drilling was producing as high as 24.2 per cent success in other parts of the country.

"Either the oil industry has entirely lost the ability to locate new deposits of . . . gas in the most promising territory," said the secret report with brutal simplicity, "or it is simply lying about what it has found. The first explanation seems extremely unlikely.

"The less success the industry shows in its exploration, the higher the price it can demand for its gas," the report points out. Once the price is set, new developmental wells may produce "prolific quantities" in the same areas where exploratory wells "reportedly found nothing."

Even the FPC's natural gas planning chief, Gordon Zareski, conceded to us that he has "never seen such a gross aberration" as the figures submitted by the oil companies on their Louisiana drillings.

The day after we asked the FPC why they had accepted the oil industry's figures without question, the commission suddenly dispatched a letter of explanation to Magnuson.

The American Petroleum Institute, which furnished the FPC with the dubious figures, defended them. A spokesman told us: "Some years you hit it, and some years you don't. Nobody would like to find gas more than we would. It has been very disappointing."

Footnote: Like the power commission, the Federal Energy Administration relies on the oil industry like a blind man relies on his seeing eye dog.

The FEA is preparing, for example, to stop allocating residual fuels for 90 days. This will benefit Exxon, which now controls the lion's share of the home heating market in the Northeast. With the dropping of the allocation program, Exxon won't have to supply small, independent competitors.

The manger of the FEA's residual fuels section, who helped draft the decision to end the allocation program, is John Vernon. He came to FEA from Exxon.

Vernon insisted to us, however, that he had "no significant input" into the decision benefiting Exxon. He had severed "all ties" with Exxon and "absolutely did not have" a conflict of interest, he said. "I look at my job like I joined the Army," he said. "I'm sworn to defend my country."

Washington Whirl—An investigation last year found 28 states had misused $43 million in federal funds earmarked to help educate poor children. Now, a year later, only $50,000 has been repaid by four states. Instead of repaying the federal treasury, states have been given the option of using the misspent funds for new local programs to help disadvantaged students. But only two states have expressed interest in reapplying the money for this purpose . . . A closed-door conclave has concluded that some 12 million of America's 72 million cats and dogs are destroyed annually in control centers. Another 15 million are estimated to be at large, some in wild dog packs, others carrying disease, but most of them merely suffering from exposure and starvation. The pet experts recommended increased spaying, castration and research on birth control measures . . . The FBI has busted a Washington "spy shop" whose proprietor, Robert Dorsen, claims G-men were among his steadiest customers. Under a 1968 privacy law, the agents seized some miniature microphones and telephone taping devices. An FBI spokesman said the Bureau's records show no purchases from Dorsen's German Hi-Fi Center, although individual agents may have patronized the place . . . Our exposes of microwave damage to radar operators caused the Veterans Administration finally to give benefits to two ex-GI radarmen. Now we are happy to report that the Labor Department has given a similar award to a Federal Aviation Administration specialist, Chris Speros of Atlanta, whose cataracts resulted from his federal radar work.

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